



The Latest Update on MPF System

Cynthia Hui

Executive Director (Supervision)

Mandatory Provident Fund Schemes Authority

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- 1. Government Policies**
- 2. Latest MPF Statistics**
- 3. MPF Scheme Administration:
Standardize, Streamline and Automate (SSA)**
- 4. Update on Default Investment Strategy (DIS)**





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Government Policies





Government's Vision

- Government policies
 - Policy Address 2017
 - Budget 2017-18
 - Poverty Alleviation and Retirement Protection: Progress and Vision 2017
- Multi-pillar retirement protection system should continue
- Vision on MPF
 - MPF System valued and trusted by HK people
 - Ultimate aim - “one member, one account”





Government's Initiatives

- Initiatives to enhance the MPF pillar

Short-term

- DIS
- Abolishing Offsetting

Medium-term

- eMPF
- Full Portability

Long-term

- Increasing total contribution rate gradually to a target of at least 15%

- Other initiatives:
Study the feasibility of a public annuity scheme



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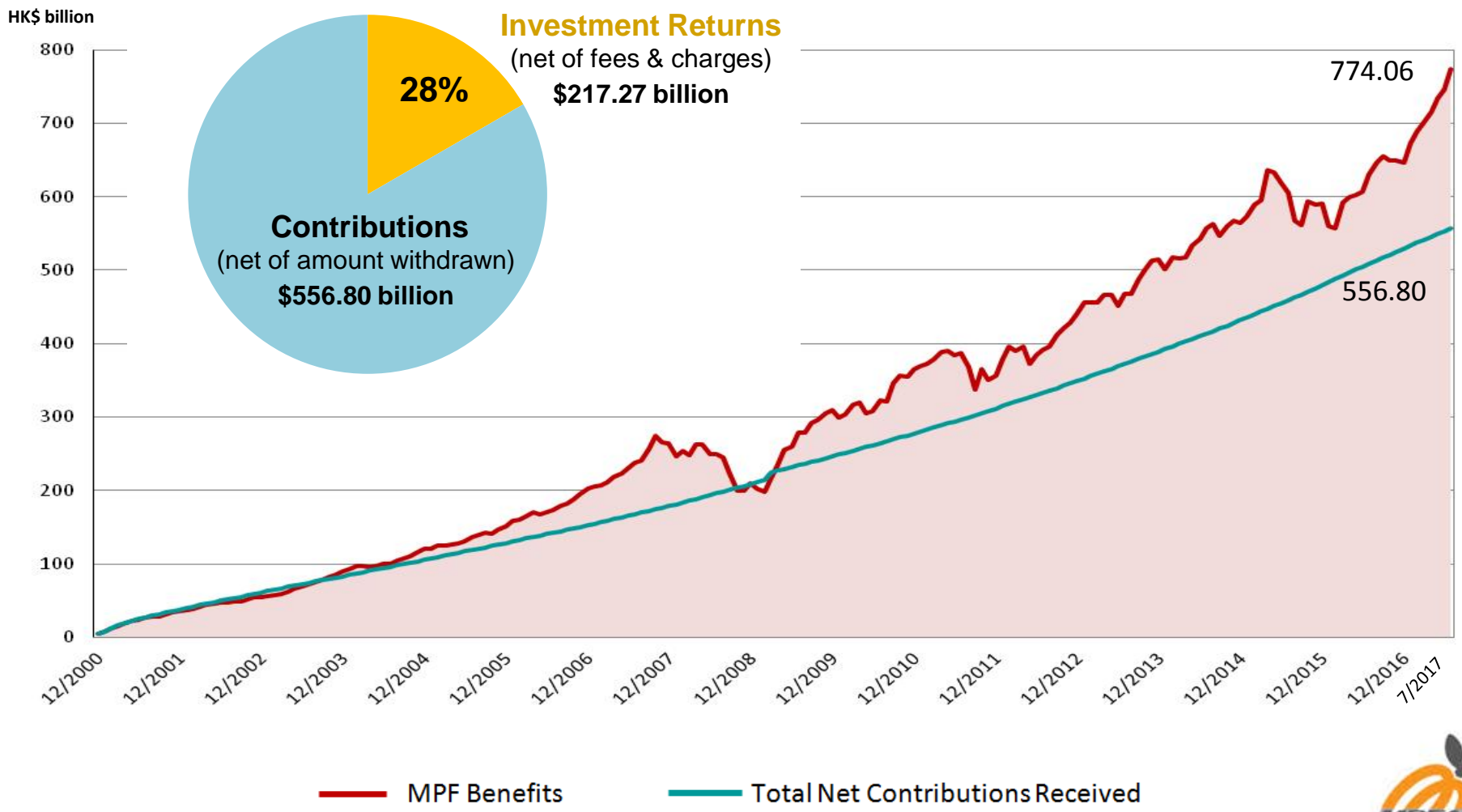
Latest MPF Statistics





MPF Benefits and Net Contributions

(1.12.2000 – 31.7.2017)

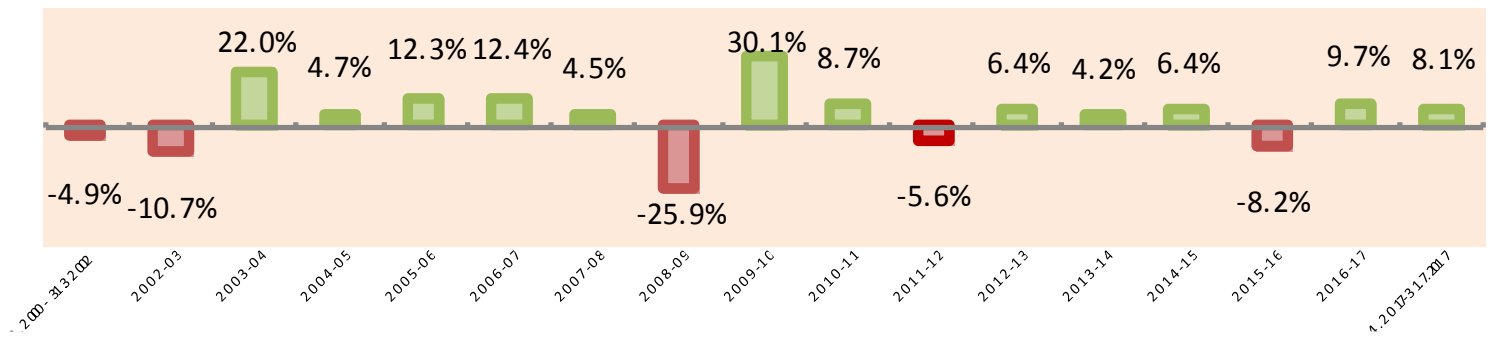
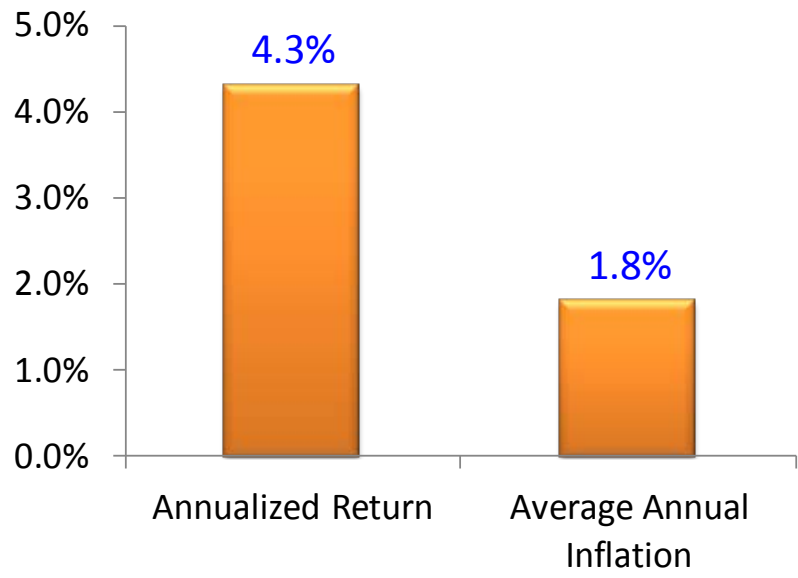




Annualized Return

(net of fees and charges)

Annualized rate of return since inception
(1.12.2000 – 31.7.2017)



Return is calculated using the internal rate of return ("IRR") method





Annualized Return By Fund Type

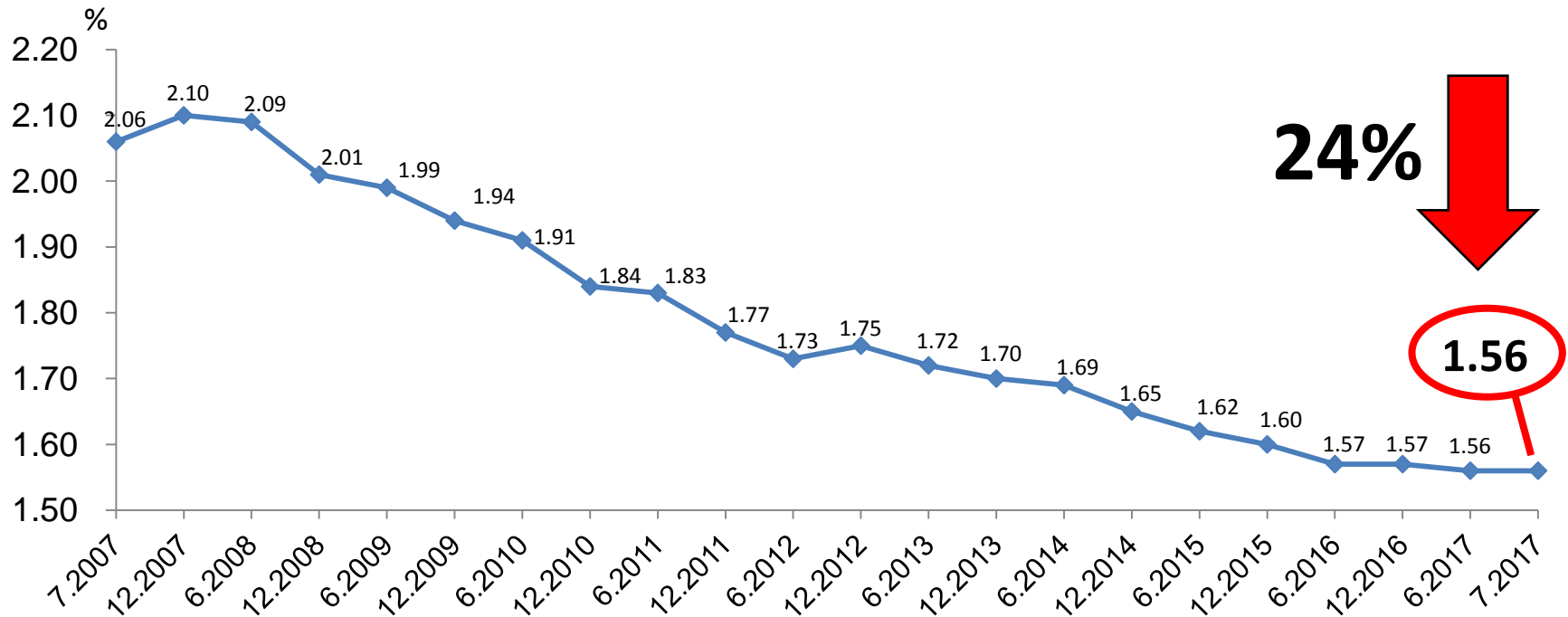
(net of fees and charges)

Fund Type	Past 1 year	Past 3 years	Past 5 years	Since 1.12.2000
Equity Fund	23.2%	4.8%	8.5%	5.0%
Mixed Assets Fund	13.8%	3.2%	6.2%	4.4%
MPF Conservative Fund	0.1%	0.1%	0.1%	0.7%
Guaranteed Fund	1.1%	0.6%	0.8%	1.2%
Bond Fund	-0.8%	0.4%	0.4%	2.8%
Money Market Fund	0.7%	0.1%	0.2%	0.5%
Annualized Composite CPI (% Change)	1.9%	2.3%	3.5%	1.8%

As of 31 July 2017



Average Fund Expense Ratio



Fund Expense Ratio (FER) is a ratio that measures the expenses of an MPF fund as a percentage of fund size based on data from the most recently ended financial period. The higher the ratio, the higher the percentage of expenses to fund size.





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**MPF Scheme
Administration:
Standardize,
Streamline and
Automate (SSA)**





MPF Scheme Administration

- Privately managed by 14 trustees in 32 MPF schemes
- About 9.3 m MPF accounts
(3.9 m contribution accounts and 5.4 m personal accounts)
- MPF administration not comparable to retail funds
 - Monthly collection of numerous small contributions
 - Following up default contributions
 - Payout of benefits on eligible grounds and offsetting
 - 30 m transactions yearly, 2/3 involve some degree of paper-based or manual processing



Future Reform Path

Objectives

- | | |
|---|---|
| 1
Improve accuracy, reliability and efficiency | 2
Lower costs and fees |
| 3
Enhance user experience | 4
Enable future reform |





Conceptual Model

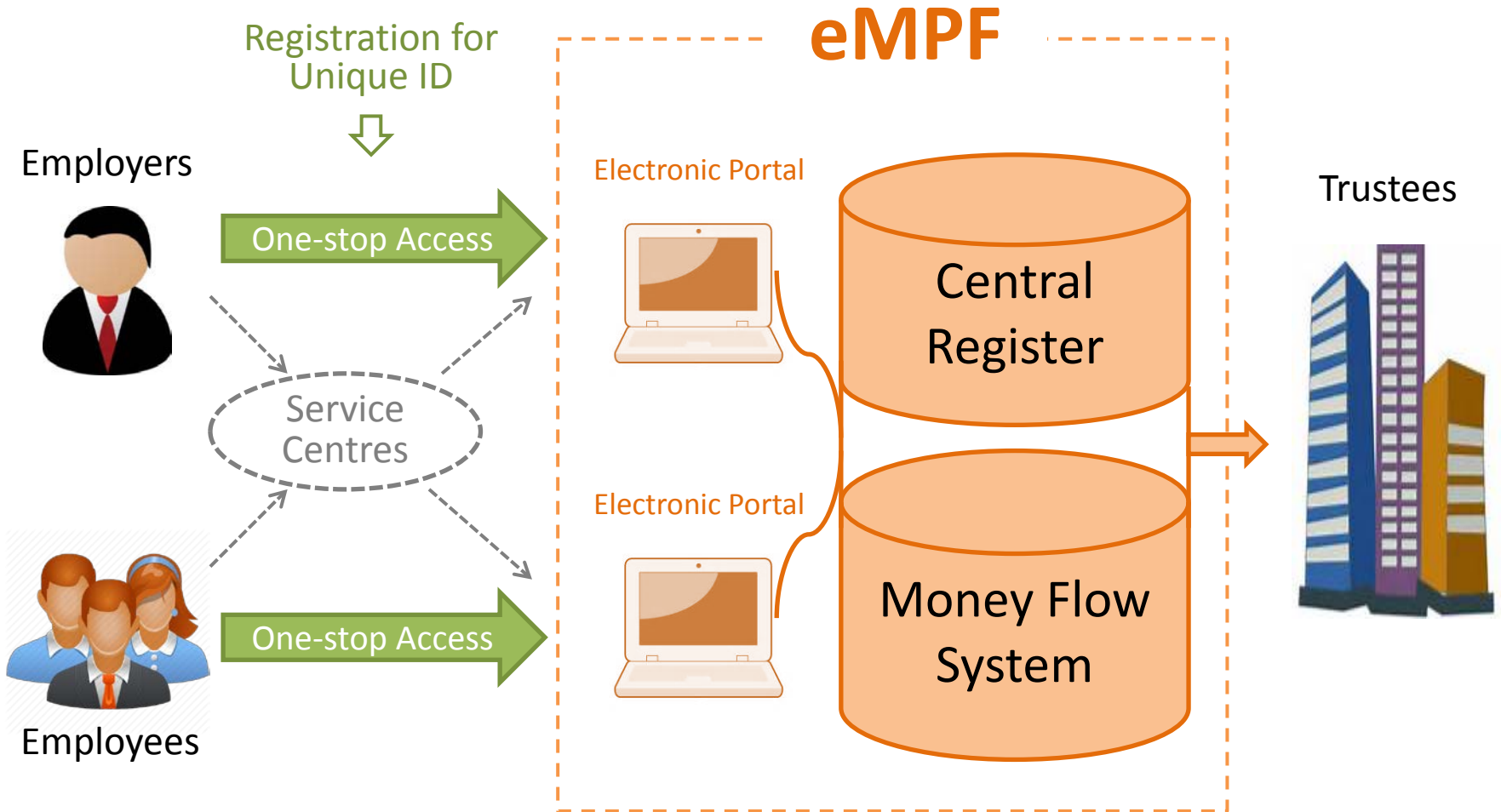
Centralized Infrastructure (eMPF)

Key Features

- Registration and unique user ID
- Central database
- Electronic one-stop access
- Streamlined electronic processing
- Standardized procedures, forms and formats
- Service centres to assist less computer-literate during transition

Conceptual Model

Centralized Infrastructure (eMPF)



Future Reform Path

- Specify functions, operation and interface
- Suitable technological solution
 - Funding, owner, operator
 - Build infrastructure
 - Data standardization and migration
 - Transitional arrangement



eMPF

Behavioural Change

Behavioural Change

Employers and Employees



Paper



Electronic



- Digital take-up to realize benefits
- Encourage better use of trustees' e-Services
- Gap analysis engaging stakeholders to promote use



MPFA e-Tools

- **MPFA Mobile App**
- **e-Enquiry of Personal Accounts**
- **eService for Intermediaries**

MPFA Mobile App



Features recently enhanced in Apr 2017

- Key MPFA information
- “What’s New” with push notifications
- Retirement planning calculator
- Fees of funds
- DIS fund list
- Quick access to other MPFA mobile apps
- Information fed from corporate website and respective databases

e-Enquiry of Personal Accounts

e-Enquiry of Personal Account (ePA) (Apr 2017)

Help scheme members manage MPF personal accounts

- One-time registration, lifetime use
- Whereabouts of personal accounts
- Contacts of trustees
- Fees and returns
- Latest MPF news

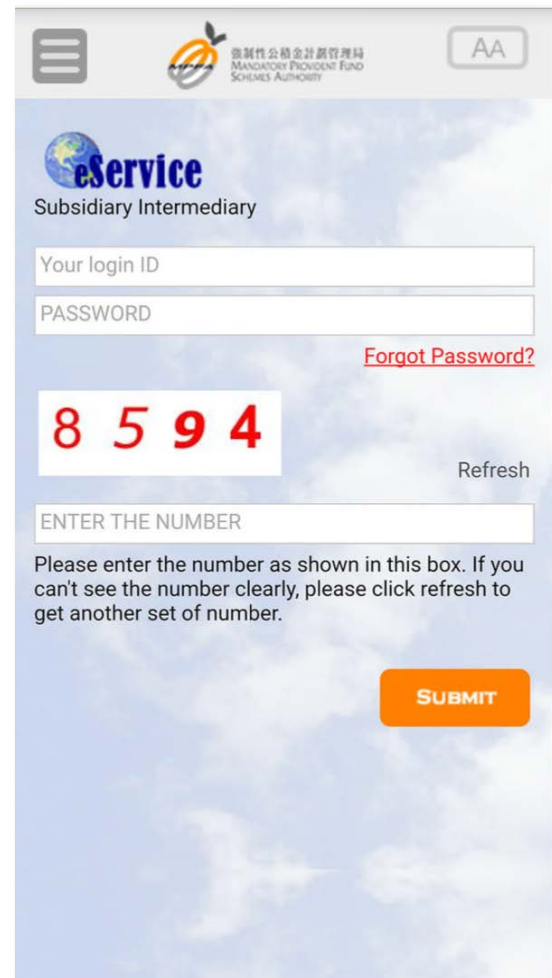


eService for Intermediaries

Portal built for Principal Intermediaries and Subsidiary Intermediaries in 2013

- Login account granted upon approval of registration (over 30,000 accounts)
- 2-level authentication
- View own profile information
- Submit annual return*
- View submission history*

* Mobile app also developed for SIs to submit annual returns and view submission history



MANDATORY PROVIDENT FUND SCHEMES AUTHORITY

eService
Subsidiary Intermediary

Your login ID

PASSWORD

[Forgot Password?](#)

8 5 9 4

Refresh

ENTER THE NUMBER

Please enter the number as shown in this box. If you can't see the number clearly, please click refresh to get another set of number.

SUBMIT



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Update on Default Investment Strategy (DIS)





DIS: Recap

Introduced in April 2017

- Address disengagement and “burden” of choice
- Better long-term strategy, international best practice

Key Features

- Auto de-risking, Global diversification, Fee cap
- Two funds (Core Accumulation Fund & A65 Fund)

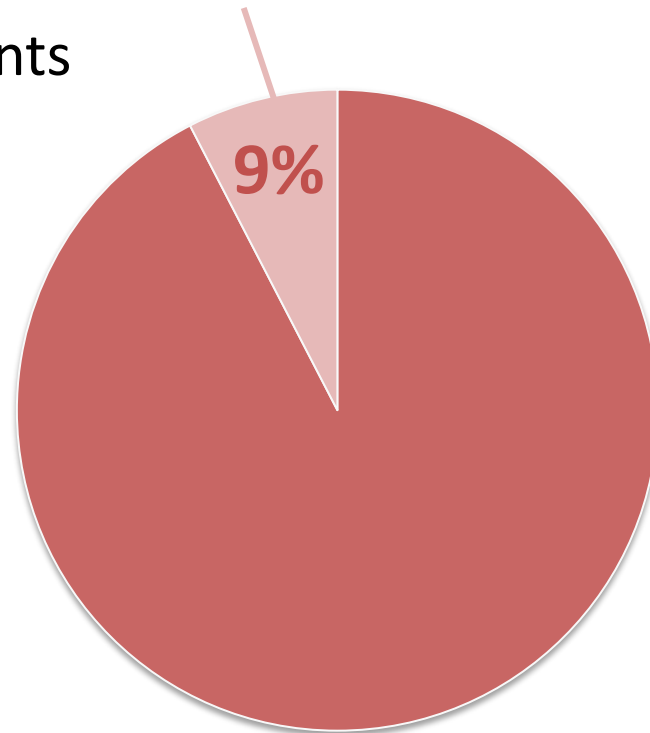


Investment in DIS or its Funds

As of 30.6.2017

Investment in DIS or CAF/A65F

- about 834,000 accounts
- ~\$15.4 billion



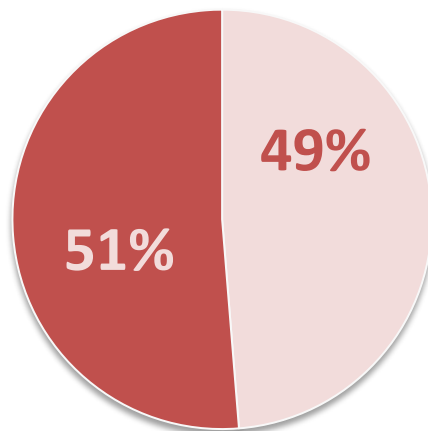
Total no. of accounts: **9.3 million**

DIS: Accounts with No Address

As of 30.6.2017

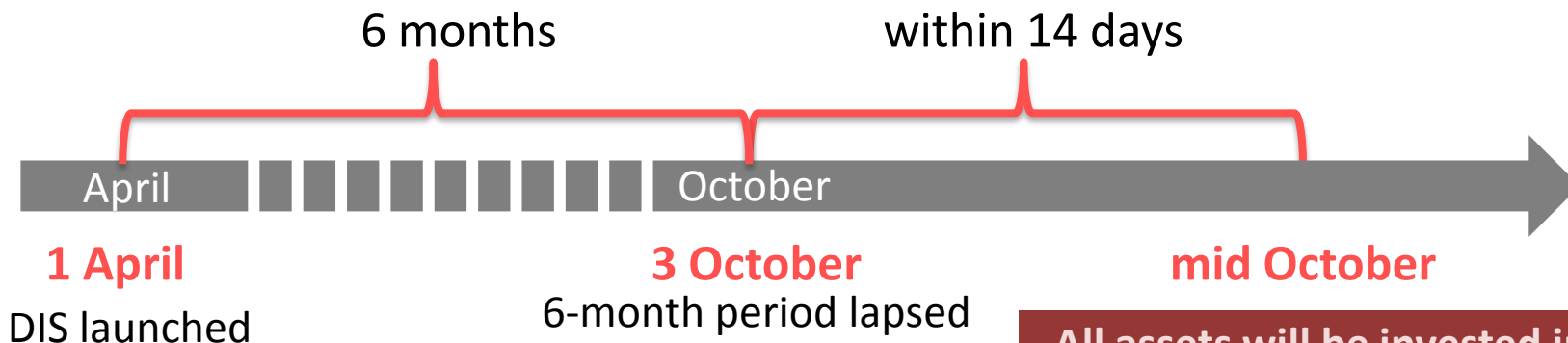
Address Unknown

DRN not issued
(~300,000 accounts)



Valid Address Available

DRN issued
(~285,000 accounts)



All assets will be invested in DIS for scheme members with unknown address



Thank You

